Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

CONFIDENTIAL

PAGE 01 MEXICO 12439 01 OF 02 011828Z
ACTION ARA-14

INFO OCT-01 ISO-00 TRSE-00 SS-15 SP-02 L-03 NSC-05
PA-01 ICA-11 CIAE-00 INR-10 NSAE-00 EB-08 COME-00
XMB-02 SIL-01 LAB-04 AID-05 AGRE-00 OMB-01 CEA-01
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FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 1725

C O N F I D E N T I A L SECTION 01 OF 02 MEXICO 12439

PLEASE PASS TO WILLIAM P. DIXON, THE WORLD BANK

EO 11652: GDS
TAGS: MX, EAID, EINV
SUBJECT: VISIT TO PIDER PROGRAM SITES

REF: 77 MEXICO 20587

1. VISIT OF U.S. ALTERNATE EXECUTIVE DIRECTOR OF WORLD BANK, WILLIAM P. DIXON, PROVIDED OPPORTUNITY FOR AMBASSADOR AND STAFF MEMBERS INVOLVED WITH RURAL DEVELOPMENT TO VISIT PIDER SITES IN STATES OF PUEBLA, TABASCO AND YUCATAN, JULY 24-27, WHERE IBRD, IDB, AND GOM MONEY IS FINANCING PROJECTS INVOLVED WITH DEVELOPMENT OF MEXICO'S RURAL SECTOR. HOSTS FOR THE VISIT WERE ING. CARLOS VIDALI (DIRECTOR GENERAL FOR REGIONAL DEVELOPMENT, SECTION OF PROGRAMMING AND BUDGET), AND DR. MIGUEL ANGEL CUADRA (DIRECTOR, PIDER, SECTION OF PROGRAMMING AND BUDGET). PROJECTS VISITED INCLUDED THOSE INVOLVING IRRIGATION, RURAL ELECTRIFICATION, POTABLE WATER, LOCAL TOURISM, FISHERIES, COCONUT PROCESSING, LIVESTOCK AND PASTURES, BEE-KEEPING, HORTICULTURE, HOUSING, SCHOOLS, HEALTH, AND ROAD CONSTRUCTION, GIVING THE GROUP A CHANCE TO ASSESS VARIOUS ASPECTS OF PIDER'S ACTIVITIES IN THE THREE STATES.
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PAGE 02 MEXICO 12439 01 OF 02 011828Z

GENERAL IMPRESSION IS THAT IN THESE AREAS THE PROJECT HAS BEEN MORE SUCCESSFUL THAN IN CENTRAL HIGHLANDS AND THAT IT IS POSSIBLE TO IDENTIFY SUBSTANTIAL IMPROVEMENTS IN LIVING STANDARD THAT ARE DIRECTLY ATTRIBUTABLE TO PIDER.

2. IN TABASCO AT SEVERAL PIDER SITES, WORKERS OBSERVED THAT THEIR INCOMES HAD INCREASED FROM 40 PESOS TO OVER 60

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

PESOS PER DAY. AT SOME SITES EVEN GREATER WAGE INCREASES WERE ATTRIBUTED TO PIDER. ALSO, CROP YIELDS HAVE EXPANDED AS A RESULT OF TECHNICAL ASSISTANCE AND USE OF FERTILIZER AND INSECTICIDES. ONE TRADITIONAL, UNDEVELOPED TOURIST SITE IS BEING IMPROVED WITH THE PROSPECT THAT ITS DEMAND FOR FRUIT, VEGETABLES AND MEAT WILL BE SUPPLIED BY LOCAL PRODUCTION. ALSO, THIS PROJECT PLUS A POULTRY RAISING PROGRAM ARE PROVIDING ADDITIONAL JOBS FOR WOMEN TO HELP SUPPLEMENT FAMILY INCOMES.

3. IN YUCATAN, SOME AREAS VISITED WERE SO REMOTE AND POPULATIONS SO POOR AND SPARSE, THAT CENTRAL GOVERNMENT HAD PAID LITTLE ATTENTION IN THE PAST. PIDER IS REACHING OUT, HOWEVER, AND PROVIDING HELP. IN SOME INSTANCES, THE SUCC-ESS OF PIDER PROJECTS HAVE ENABLED TRADITIONAL AND COLLEC-TIVE EJIDOS TO SECURE PRIVATE BANK CREDIT TO IMPROVE FURTHER LIVESTOCK, SEEDS, FARM MACHINERY OR MARKETING PRACTICES. IN NO CASE DID PEOPLE SEEK GOVERNMENT HANDOUTS; RATHER, THERE SEEMED TO BE A UNIVERSAL ACCEPTANCE OF THE PROGRAM AND A DESIRE THAT ADDITIONAL CREDIT OPPORTUNITIES BE EXPANDED OR THAT LOAN FUNDS BE PROVIDED.

4. IN PUEBLA, EFFORTS AT ORGANIZING WORKERS SEEM TO HAVE BEEN SUCCESSFUL AND PIDER SUPPORT OF COOPERATIVE STORES AT TWO SITES HAS BROKEN MONOPOLIES THAT CHARGED HIGH PRICES FOR NECESSITIES SUCH AS SUGAR, THUS IMMEDIATELY RAISING CONFIDENTIAL

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PAGE 03 MEXICO 12439 01 OF 02 011828Z

DISPOSABLE INCOME. WORKERS NOW ARE SEEKING PRIVATE FINANC-ING TO EXPAND COOPERATIVE STORES AND OBTAIN A STORAGE FACILITY IN MEXICO CITY FOR THEIR PRODUCTS.

5. IN ALL THESE STATES, BUILDING OF ROADS AND ROAD IM-PROVEMENT HAS ALLOWED GREATER AND MORE RAPID ACCESS TO MARKETS FOR PRODUCE AND PROVIDES AN OPTION TO SELLING AT POINT OF PRODUCTION TO INTERMEDIARIES. MOST PROJECTS HAD PIDER-FINANCED PRIMARY SCHOOLS. ON THE OTHER HAND, ON MANY OF THE PROJECTS VISITED WATER SUPPLY AND AVAILABILITY OF POTABLE WATER WAS STILL A MAJOR PROBLEM. ALSO, THE CONSTRUCTION OF HEALTH FACILITIES STILL LAGS BEHIND.

6. IN SIDELINE CONVERSATIONS WITH INDIVIDUALS AT EACH STOP, EMBASSY REPRESENTATIVES PRIVATELY ASKED ABOUT SITUA-TION PRE-PIDER, MANNER IN WHICH PROGRAM OPERATES, AND EFFECT IT HAS HAD ON EARNINGS AND PUBLIC SERVICES. ASIDE FROM SOME COMPLAINT THAT THE GOM ISN'T MOVING QUICKLY ENOUGH, REACTION WAS ALMOST UNIFORMLY POSITIVE. AT ONE SITE, LOCAL FARMERS COMPLAINED THAT BY DREDGING LAND FOR A FISHERIES PROJECT PIDER HAD DESTROYED THEIR GRAZING LAND; BUT THEIR REACTION WAS OFFSET BY OTHERS WHO VIEWED THE

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

COMBINED FISHERIES/VEGETABLE PROJECT AS A WAY TO USEFULLY EMPLOY MORE PEOPLE, AND NOTED THAT GRAZING LIVESTOCK WASN'T PROFITABLE OR EMPLOYMENT GENERATING. STILL OTHERS INSISTED THAT THE LAND WAS PREVIOUSLY A SWAMP AND NOT SUITABLE FOR GRAZING AT ALL. AT ANOTHER SITE, THE ASSEMBLED MEMBERS OF A COMMUNITY SAID THAT THEY HAD BEEN PROVIDED EVERYTHING THEY NEEDED -- EXCEPT POTABLE WATER. THE CITIZENS WERE ADAMANT IN THEIR DEMANDS THAT GOOD WATER BE PROVIDED, AND THE MATTER WAS SYMPATHETICALLY RAISED LATER IN THE DAY BY VIDALI AT A MEETING ATTENDED BY THE GOVERNOR OF TABASCO AND PROJECT STAFF.

CONFIDENTIAL

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PAGE 01 MEXICO 12439 02 OF 02 011831Z
ACTION ARA-14

INFO OCT-01 ISO-00 TRSE-00 SS-15 SP-02 L-03 H-01
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C O N F I D E N T I A L SECTION 02 OF 02 MEXICO 12439

7. PIDER OFFICIALS SEEMED COMPETENT AND WELL MOTIVATED AND NOTED THAT THERE HAS BEEN A CHANGING FOCUS IN THE PROGRAM. IN ITS EARLY STAGES GREATER EMPHASIS WAS GIVEN TO NON-PRODUCTIVE INVESTMENTS AND SOME SERIOUS MISTAKES WERE MADE- FOR EXAMPLE, LARGE EXPENDITURE FOR RURAL ELECTRIFICATION. A SERIOUS EFFORT IS NOW UNDERWAY TO INCREASE THE PERCENTAGE OF PROJECTS THAT LEAD DIRECTLY TO PRODUCTION IMPROVEMENTS.

8. SUMMARY COMMENT: IN THE STATES VISITED, ENTHUSIASM AND COMPETENCE SEEMED HIGH ON THE PART OF THOSE RESPONSIBLE FOR THE IMPLEMENTATION AND COORDINATION OF THE PROGRAM. ONE INSIGHT AS TO THE PROGRAM'S SUCCESS WAS PROVIDED IN TABASCO WHEN IT BECAME EVIDENT THAT THE GOVERNOR OF THE STATE WAS GETTING CREDIT FROM LOCAL CITIZENS FOR PIDER IMPROVEMENTS. THIS REPRESENTS THE POLITICAL INCENTIVE WHICH EXPLAINS THE LEADERSHIP THAT SOME STATE COMMITTEES HAVE CLEARLY PROVIDED. AT THE NATIONAL LEVEL, FUNDS FOR THE PROGRAM ARE BEING INCREASED, THOUGH THERE SEEMS TO BE SOME UNCERTAINTY AMONG PIDER OFFICIALS ABOUT PRESIDENT

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

LOPEZ PORTILLO'S PERSONAL UNDERSTANDING AND SUPPORT OF THE PROGRAM. HOWEVER, THE NEW SECRETARY OF PROGRAMMING AND BUDGET, GARCIA SAINEZ, IS REPORTEDLY NOW BACKING PIDER MORE ENTHUSIASTICALLY. UNLIKE PRIOR FIELD TRIP TO VIEW PIDER, ON THIS OCCASION, THERE WAS CLEAR EVIDENCE OF THE BROAD
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RANGE OF PIDER INITIATIVES AND OF THE SUCCESSES OF THE PROGRAM. THE COST EFFECTIVENESS OF THESE INVESTMENTS AND THE EXTENT TO WHICH PIDER CAN BE THE VEHICLE FOR RURAL ECONOMIC IMPROVEMENT THROUGHOUT THE COUNTRY REMAIN MATTERS THAT MERIT FURTHER STUDY. AT THE TOUR'S CONCLUSION, HOWEVER, IT SEEMED APPARENT THAT IN THE STATES THAT WERE VISITED, PIDER IS WORKING. LUCEY

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